



JANUARY 15, 1955



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## TRADE BATTLE SHAPES UP

ON Monday, January 17, public hearings begin in the House Ways and Means Committee on the renewal of the Trade Agreements Act. This action, coming but 10 days after the opening of Congress, indicates the speed with which the Republican Administration and Democratic leaders of House and Senate hope to get the legislation through Congress and enacted into law.

The hearings will center on H. R. 1, introduced by Rep. Cooper (D., Tenn.), Chairman of the Ways and Means Committee. This bill embodies the tariff recommendations of the Randall Commission, which were restated in the January 10 presidential message to Congress on foreign economic policy. An identical bill, H. R. 536, was introduced by Rep. Kean (R., N. J.).

The main provisions of H. R. 1 are as follows:

(1) Renews the Trade Agreements Act for three years, from July 1, 1955 to July 1, 1958.

(2) Authorizes the President to enter into trade agreements with other governments with respect to changing tariffs and customs procedures and adopting general rules of good trading practices among nations.

(3) Allows a reduction of tariffs 15 per cent below those in effect July 1, 1955. The maximum reduction in one year would be five per cent.

(4) Allows a reduction of any tariff by 50 per cent of those rates existing on January 1, 1945 on commodities not being imported into the United States or imported only in negligible quantities.

(5) Allows a reduction to 50 per cent of any tariff presently over 50 per cent.

### The Roster of Witnesses

Hearings on H. R. 1 are likely to run two or three weeks. Those testifying for the Administration in support of H. R. 1 will include Secretaries Dulles, Humphrey, Wilson, Benson, Weeks and Mitchell, and FOA Director Stassen. Organizational proponents of H. R. 1, in addition to the League of Women Voters, will include the U. S. Chamber of Commerce, the Committee for a National Trade Policy and the Committee on Economic Development. Also among the supporters are the American Farm Bureau Federation, the CIO, the AF of L, and several representatives of individual industries.

Although practically all of these groups will in general support the President's trade program, several groups will urge the Congress to go further. The Farm Bureau, for ex-

ample, believes the Trade Agreements Act should be extended for a four- rather than a three-year period so that the next renewal would come up in a non-election year. The CIO and several affiliated unions will be advocating the adoption, along with the Trade Act, of bills introduced by Rep. Williams (D., N. J.) and Eberharter (D., Pa.). These bills would permit the President to aid industries, workers and communities adversely affected by imports. Aid would include increased unemployment compensation and retraining for workers, loans and technical information for industries to improve production methods and products, and loans and technical information for communities

to help diversify their local economies.

Leading the opponents of the trade program will be the American Tariff League and the Nation-Wide Committee of Industry, Agriculture and Labor on Export-Import Policy. Other opponents will represent industries which believe tariff reductions are harmful to their businesses. Among

the most vocal will be representatives of the coal industry and the independent oil producers. These groups object strongly to imports of residual fuel oil and they have already succeeded in having introduced H. R. 4, which would place quotas on residual fuel oil imports.

The prevailing view gives H. R. 1 more than a fair chance of passing. The greatest uncertainty, however, centers on whether opponents of the program will attempt to add restrictive amendments when the bill reaches the floor.

### The Next Step

If the Trade Agreements program is passed, the efforts of proponents of liberalized trade will turn to the more difficult task of obtaining congressional approval of the General Agreement on Tariffs and Trade. The GATT, the principal means by which the United States has negotiated tariff reduction in recent years, is now being renegotiated in Geneva, Switzerland.

The negotiations, expected to terminate the end of January, have hit a snag, due in part to U. S. agricultural policy. The United States wants other nations to agree not to place quantitative restrictions on their imports. However, in the United States our agricultural law specifically authorizes the President to place quantitative restrictions against imports which appear to be interfering with the U. S. price support program. Other countries do not want to give up their quotas unless the United States gives up its own.

Another problem concerns the subsidization of agricultural exports. Most countries in the GATT, including the United States, object to a country's subsidizing its exports in order to gain a competitive advantage. Some agricultural exporting countries, including Canada, New Zealand and Denmark, state this is what the United States is doing with its own agricultural surpluses.

**NOW IS THE TIME for all citizens to let their Representatives and Senators know their opinions on the renewal of the Trade Agreements Act.**

## How Do You Know?

**H**OW do you know whether we have a "balanced economy"? How do you know that there is neither an inflationary nor deflationary trend? How do you know that the country is prosperous? Because you and your friends have jobs or are making reasonable profits from businesses? Because your investments are paying regular and reasonable dividends? But what about the coal miners in West Virginia, many of whom are unemployed? Would they agree with you?

How do you know that prices are stable? Look at the dress you got for \$10; prices must be coming down. But food's up; look at the price of lettuce. And who can tell about the stock market, up one day, down the next, up again? What do you mean, "stable"?

How do you know there is a housing shortage? You can't find the house you want; but the Joneses, who are moving away, can't rent theirs, so they don't agree with you that there is a shortage.

How does the President know when he says in his State of the Union message that "1954 was one of the most prosperous years in our history" and that "the economic outlook is good"?

The answer to these questions is, of course, to be found only in statistics. The President, the Congress, the businessman, the individual citizen, use data of yesterday to judge what will happen tomorrow. They need total figures, detailed figures, up-to-date figures, as-complete-as-possible figures, accurate figures.

### The Founding Fathers Started It

The need for statistics was early recognized in the constitutional provision for an "enumeration of the number of persons in each state" every 10 years. The importance of statistics was emphasized by the needs of both world wars and by the depression, and again when the Employment Act of 1946 instructed the President's Council of Economic Advisers to report "current and foreseeable trends in the levels of employment, production and purchasing power."

Today the United States collects more and better statistics than any other country in the world. This is the conclusion of the Subcommittee on Economic Statistics of the Congressional Joint Committee on the Economic Report, according to its progress report of July 30, 1954.

But the subcommittee adds that we need still more and even better statistics if the economy of the country is to be as thoroughly understood as is necessary for intelligent decisions on executive policies and on congressional legislation which affect the economy. These include taxation, agricultural measures, foreign trade regulation, labor legislation, lending and borrowing by the government, appropriations of all kinds.

The subcommittee held hearings last July and has asked for special studies to be made, under the supervision of the Federal Reserve Board, of certain classes of statistics. There are deficiencies; there is need of improvement.

### How Statistics Can Be Improved

First, more "bench marks" are needed. There is a distinction between comprehensive, over-all statistics and those which are partial samples. The population census is the most comprehensive gathering of statistics. There is no sampling; every human being is counted. There are also complete censuses of all manufacturers, businesses, inventories and sales at periodic intervals; they would be made oftener and more regularly if appropriations were available.

**Have you acquired the habit? We mean the habit of listening to the League's five-minute radio spot the first Sunday of the month. It's on NBC's "Week-end" immediately following the 4:00 P.M. (EST) newscast. Next one: February 6.**

These contrast with current sample surveys, for example monthly estimates of retail sales based on reports from a random sample of stores.

The comprehensive censuses are "bench marks" for the sample surveys, the latter being compared against the first as a check on accuracy. The subcommittee and many of its witnesses have called for more "bench mark" data. The public needs to be aware that complete and sample enumerations are not equally reliable.

Second, it is desirable to understand the method of collection and the sources of figures. A carefully constructed index of consumers' prices is not an index of all retail prices but of a selected number of articles whose importance is weighted by the purchases of city wage and salary workers. Retail and wholesale price figures are affected by the continual changes in quality and style of articles and in the special discounts obtained on purchases during slack seasons. The subcommittee urges the federal agencies to set forth the limitations of the data they publish. They often do, but the footnotes go unread.

Third, many statistics are collected for one purpose and are wanted for another. The Bureau of Internal Revenue necessarily collects figures of taxable income but this does not include all income, though it is our chief source of knowledge about personal incomes. Agencies that collect figures for administrative purposes are urged by the subcommittee to consider supplying more complete information for more general purposes.

Finally, there are many questions that cannot be answered by statistics because the figures simply do not exist. If figures are quoted on such matters, they have no solid basis. For example, Mr. Lubin, former head of the Bureau of Labor Statistics, pointed out in his testimony before the subcommittee that "in spite of the heated discussion about the tariffs" there is no "comprehensive data on the number of workers who were protected by tariffs or who would be subject to readjustment if tariffs were changed." In the field of housing there are said to be no reliable over-all estimates of vacancies, the costs of construction, the volume of demolition and remodeling.

### And How Do We Evaluate Statistics?

Well, suppose we had all the figures we wanted. Suppose we had comprehensive data on inventories, savings, the expectations of consumers and businessmen, on production, distribution, consumption. Would the trends of employment, production, purchasing power be easily foreseeable? Would the presidential Economic Adviser's job be easy? Could everyone be his own economic forecaster?

There remains the job of interpretation, of judgment. If people saved more last week, does that mean they're going to spend more this week? If they buy more carpets, what will be the effect on the carpet manufacturers' wage and dividend policies? And how will this affect the labor and financial markets? There is still room for judgment and for argument.

So we come back to reliance on the expert, the unbiased but trained observer of economic phenomena. Most of us have to rely on the experts to tell us whether the country is really prosperous and likely to continue to be so. But let them give us the figures and tell us why. And let's listen carefully, and ask some questions. Who did the counting? Exactly what was counted? How many were not counted? How were the estimates made when counting wasn't possible?

A patient can ask the doctor questions, even if he isn't sick.

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